

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEL AV 04062 01 OF 02 270651Z
ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 USIA-06 SSM-03 COME-00 EB-08 LAB-04 SIL-01
CAB-02 DOTE-00 FAA-00 OC-06 CCO-00 TRSE-00 OMB-01
/109 W

-----002626 270707Z /11

R 241653Z MAR 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2187
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMCONSUL JERUSALEM
USMISSION SINAI
USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 1 OF 2 TEL AVIV 4062

E.O. 11652: GDS
TAGS: ELAB, PINS, IS
SUBJECT: GOVERNMENT-HISTADRUT-EMPLOYER WAGE NEGOTIATIONS

REF: A. TEL AVIV 3193; B. TEL AVIV 3303, B. TEL AVIV 3690 (NOTAL)

1. SUMMARY: THE ATMOSPHERE CREATED BY THE MARCH 11 TERRORIST ATTACK
AND THE SUBSEQUENT IDF INCURSION INTO LEBANON APPEARS TO HAVE HELPED
IN BRINGING THE HISTADRUT, THE GOVERNMENT, AND THE EMPLOYERS INTO
CLOSER
COOPERATION BUT SEEMS TO HAVE HAD ONLY A TEMPORARY CALMING
INFLUENCE ON THE LABOR SITUATION. GOVERNMENT AND HISTADRUT SOURCES
AGREE THAT THE MOOD OF WORKERS MILITANCY IN THE PUBLIC SECTOR HAS NOT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEL AV 04062 01 OF 02 270651Z

CHANGED AND THAT STRIKES
AND LABOR PROTESTS CAN BE EXPECTED SOON. IN THE MEANTIME, THE
HISTADRUT AND THE EMPLOYERS HAVE REACHED AGREEMENT ON A 15 PERCENT
WAGE INCREASE AND THE GOVERNMENT IS EXPECTED TO FOLLOW SUIT. THEN

WILL COME THE

PROBLEM OF IMPLEMENTING THE AGREEMENT IN THE PUBLIC SECTOR AGAINST THE OPPOSITION OF A GREATLY DISSATISFIED AND MILITANT UNION LEADERSHIP. HERE THE DEGREE OF HISTADRUT-GOVERNMENT COOPERATION WILL DEPEND ON FINANCE MINISTER EHRlich'S READINESS TO MAKE CONCESSIONS TO HISTADRUT ON TAXES, PRICES, AND MAINTAINANCE OF SOCIAL SERVICES AND ON HOLDING UP LABOR LEGISLATION OPPOSED BY HISTADRUT. EHRlich'S SPARRING WITH HISTADRUT SECRETARY GENERAL MESHEL OVER THESE ISSUES WILL CONTINUE FOR SOME TIME. HOWEVER, BOTH MEN ARE BECOMING INCREASINGLY AWARE OF THE NEED FOR COOPERATION IN ORDER TO CHECK SOCIAL AND POLITICAL CONFLICTS DURING THE DIFFICULT TIMES AHEAD. END OF SUMMARY.

2. DURING THE EVENTS OF THE LAST TWO WEEKS, THE LABOR SCENE APPEARED OUTWARDLY ALMOST NORMAL WITH THE EXCEPTION OF THE CONTINUING SHIPPING STRIKE. HOWEVER, HISTADRUT AND GOVERNMENT SOURCES ADMIT THAT THE MOOD OF NATIONAL UNITY CREATED BY THE TERRORIST ATTACK OF MARCH 11 AND THE SUBSEQUENT MILITARY INCURSION INTO SOUTH LEBANON HAS HAD LITTLE EFFECT ON THE MILITANCY AND INSISTENCE ON SUBSTANTIAL WAGE INCREASES OF THE WORKERS IN THE PUBLIC SECTOR. EL

AL EMPLOYEES HAVE STARTED TO SLOW DOWN AIR TRAFFIC AND THE CIVIL SERVICE UNIONS, TEACHERS AND JOURNALISTS HAVE SERVED NOTICE OF INTENT TO STAGE PROTEST STRIKES NEXT WEEK. UNION AND WORKS COUNCIL LEADERS IDENTIFIED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TEL AV 04062 01 OF 02 270651Z

WITH BOTH THE LABOR PARTY AND HERUT CONTINUE TO COMPETE WITH EACH OTHER

IN ASSERTING THEIR DEMANDS FOR SUBSTANTIAL WAGE INCREASES BEYOND THE GOVERNMENT-EMPLOYER-HISTADRUT AGREEMENTS. THUS, THE EXPECTATION OF PROLONGED LABOR TROUBLES IN KEY PUBLIC SERVICE SECTORS CONTINUES.

3. HISTADRUT AND THE MANUFACTURERS' ASSOCIATION CONCLUDED ON MARCH 24 A WAGE GUIDELINE AGREEMENT COVERING THE PRIVATE SECTOR FOR THE PERIOD OF JANUARY 1, 1978, TO APRIL 1, 1980. IT PROVIDES FOR A 15 PERCENT INCREASE PLUS GUARANTEES OF MAINTAINANCE OF REAL EARNINGS DURING THE LIFE OF THE CONTRACT AND ADJUSTMENTS FOR PRODUCTIVITY INCREASES. IN ADDITION, WORKERS WILL BE GRANTED PENSION AND OTHER FRINGE BENEFITS COMPARABLE TO THOSE IN THE PUBLIC SERVICE. THE CONTRACT ALSO PROVIDES FOR A IL95 DAILY MINIMUM WAGE AS OF APRIL 1 TO BE ADJUSTED UPWARD BY THE SAME PERCENTAGES GRANTED TO OTHER WORKERS. ON APRIL 1 THE WORKERS WILL RECEIVE A 10 PERCENT PAY ADJUSTMENT RETROACTIVE TO JANUARY 1. FROM APRIL 1 THEY WILL RECEIVE AN ADDITION 2.5 PERCENT WAGE INCREASE PLUS ANOTHER

2.5 PERCENT INCREASE ON OCTOBER 1. ON APRIL 1, 1979,
THE WORKERS WILL RECEIVE A THIRD WAGE INCREASE CORRESPONDING
TO THE PRODUCTIVITY INCREASE FOR 1978. ALL THESE
ADJUSTMENTW WILL BE IN ADDITION TO THE 90 PERCENT COL
ADJUSTMENT PROVIDED BY THE CURRENT COST OF LIVING
AGREEMENT. THIS AGREEMENT IS A GUIDELINE ONLY AND THE
NEGOTIATION IN SEPARATE INDUSTRIES WILL RESULT IN SOME
INDIVIDUAL CONTRACTS ABOVE AND OTHERS BELOW THE 15
PERCENT FIGURE. HISTADRUT WILL INSIST ON THE SAME
15 PERCENT WAGE INCREASE FORMULA PLUS A GUARANTEED MAINTENANCE
OF REAL INCOME FOR THE PUBLIC SECTOR, EXCEPT
THAT THE RETROACTIVE 10 PERCENT FOR THE JANUARY 1 -
APRIL 1 PERIOD WILL NOT APPLY SINCE THE NEW PUBLIC
SERVICE CONTRACT ONLY BEGINS ON APRIL 1. WE EXPECT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 TEL AV 04062 01 OF 02 270651Z

THE GOI TO AGREE TO THE HISTADRUT DEMANDS WITHOUT
MUCH RESISTANCE.

NOTE BY OC/T: MESSAGE DELAYED IN TRANSMISSION.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 TEL AV 04062 02 OF 02 270704Z
ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 USIA-06 SSM-03 COME-00 EB-08 LAB-04 SIL-01
CAB-02 DOTE-00 FAA-00 OC-06 CCO-00 TRSE-00 OMB-01
/109 W

-----002677 270707Z /11

R 241653Z MAR 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2188
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMCONSUL JERUSALEM
USMISSION SINAI

:USMISSION USUN NEW YORK 5482

LIMITED OFFICIAL USE SECTION 2 OF 2 TEL AVIV 4062

4. OTHER ISSUES RAISED BY HISTADRUT SECRETARY GENERAL MESHEL, SUCH AS HIS DEMAND THAT THE GOI FREEZE COMMODITY PRICES AND ALL GOVERNMENT, UTILITY AND PUBLIC SERVICE CHARGES, SCHOOL FEES TAXES AND SUBSIDIES FOR ONE YEAR AND THAT IT CONTINUE TO MAINTAIN COMMUNAL AND WELFARE SERVICES AT THEIR PRESENT LEVEL, WILL BE RAISED LATER. HISTADRUT WILL MAKE ITS DECISION TO COOPERATION WITH THE GOVERNMENT IN IMPLEMENTING THE PUBLIC SECTOR WAGE AGREEMENTS CONDITIONAL ON GOVERNMENT CONCESSIONS

IN THIS AREA AS WELL AS ON GOI RESTRAINT IN INTRODUCING RESTRICTIVE LABOR LEGISLATION, SUCH AS COMPULSORY ARBITRATION.

5. FINANCE MINISTER EHRlich CAN BE EXPECTED TO REACH AN EARLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEL AV 04062 02 OF 02 270704Z

AGREEMENT WITH THE HISTADRUT AND THEN TO TAKE A TOUGH POSITION WHEN NEGOTIATING WITH INDIVIDUAL UNIONS. HE HAS RESPONDED TO THE HISTADRUT DEMAND FOR FREEZING THE VARIOUS GOVERNMENT SERVICE CHARGES AND TAXES BY CALLING FOR THE ESTABLISHMENT OF A JOINT GOI-HISTADRUT COMMITTEE TO EXAMINE THE FEASIBILITY OF SUCH A STEP. APPARENTLY HE IS NOT WILLING TO AGREE TO A COMPLETE FREEZE AND WANTS TO USE CONCESSIONS AS LEVERAGE FOR OBTAINING HISTADRUT COOPERATION IN HIS DEALING WITH THE SEPARATE DEMANDS OF ITS MEMBER UNIONS. EHRlich IS AWARE THAT HE NEEDS HISTADRUT AS AN ALLY FOR MODERATING EXISTANT WAGE DEMANDS AND HAS CALLED UPON MESHEL TO DISAVOW PUBLICLY THE CLAIMS OF HISTADRUT AFFILIATES IN EXCESS OF THE GENERAL AGREEMENTS. MESHEL, HOWEVER,

REJECTS SUCH A ROLE FOR THE HISTADRUT AND INSISTS THAT THE PRIMARY RESPONSIBILITY FOR ENFORCING LABOR DISCIPLINE AND THE ACCEPTANCE OF AGREED UPON WAGE CONTRACTS RESTS WITH THE GOI.

6. COMMENT: AN AGREEMENT FOR A 15 PERCENT WAGE HIKE IN THE PRIVATE SECTOR, SPREAD ACROSS THE FIRST THREE QUARTERS OF 1978, IS CONSISTENT WITH GOI INCOMES POLICY. FINANCE MINISTRY SOURCES HAVE TOLD US (SEE REF C) THAT THE EXPECTED DISTRIBUTION OF PRICE RISES OVER THE YEAR WILL RESULT IN LOWER-THAN PREDICTED COST OF LIVING PAYMENTS IN APRIL, AND THE WAGE AGREEMENT'S 10 TO 15 PERCENT INCREASE SPREAD OVER THE YEAR WILL RESULT IN ONLY MODERATE AVERAGE REAL WAGE RAISES. THE GOI PREDICTION OF SMALL GROWTH IN PRIVATE AND PUBLIC CONSUMPTION, LITTLE CHANGE IN INVESTMENT AND CONTINUED LARGE GROWTH IN EXPORTS

REMAINS REALISTIC.

VIETS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNION GOVERNMENT RELATIONS, WAGE RATES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TELAV04062
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780132-0593
Format: TEL
From: TEL AVIV
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780326/aaaaavps.tel
Line Count: 225
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d2b3adbd-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 TEL AVIV 3193, 78 TEL AVIV 3303, 78 TEL AVIV 3690
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3205632
Secure: OPEN
Status: NATIVE
Subject: GOVERNMENT-HISTADRUT-EMPLOYER WAGE NEGOTIATIONS
TAGS: ELAB, PINS, IS
To: STATE AMMAN
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d2b3adbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014